



# *State of the City*

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MAYOR  
DAVE BING

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TUESDAY, FEBRUARY 22, 2011

Honorable City Council and City Clerk. Thank you Governor Snyder, state, regional and federal legislators and all the Detroiters here tonight, especially my family and all those watching at home. And, thanks to Sergio Marchionne and the Chrysler Corporation for that spectacular opening salute to Detroit.

I want to begin tonight by recognizing the brave men and women of our Fire and Police Departments who have been injured in the line of duty this year. Joining us tonight are Police Commander Brian Davis, Officer David Anderson, Sgt. Ray Saati, and Sgt. Carrie Schulz, please stand with your families and be recognized for your bravery and let us also express our support for your full recovery. Thanks for all you do!

In my first state of the city last year, I laid out the challenges we inherited and promised that this administration would be different. I promised that we would focus on what matters most to you; public safety, attracting jobs and economic development, fiscal stability and creating the blueprint to redefine our city. I promised we would be good stewards of not only your hard-earned tax dollars, but just as importantly good stewards of your trust.

While I am proud to say we have stayed true to those promises, I also recognize that this job will not be completed overnight. And as we gather this evening to report on the state of our city, it would be premature to say that we have done all we need to do to restore Detroit to its rightful place as one of America's greatest cities. We are a work in progress.

Yet, the seeds of change are evident across our city and the signs of progress are clear and measurable. Our commitment to public safety has never been stronger. After decades of discussion about a new police headquarters, today as promised we are in the process of consolidating all public safety operations under one roof. This move will create operational efficiencies, improve communication between our departments and most importantly help us make Detroit a safer city. The state of the art evidence facility and crime lab that will be housed in the new headquarters will help us build on statistics that show we are consistently moving the needle in the right direction.

Homicides are down 15% over the last year and shootings overall are down 17%. Closure rates have improved dramatically thanks to the data-driven approach of Chief Ralph Godbee and officers are becoming more and more visible in our community everyday thanks to the following initiatives.

## Number One

Chief Godbee is instilling a new culture within the police department that puts a value on how our officers interact with our community. We all know the historical challenges the department has faced, including the appointment of a federal monitor to oversee mandated changes in the use of force and treatment of prisoners. When I took office in May of 2009, we were 29% compliant after seven years and it has cost us in a variety of ways. For seven years, we have had officers working on compliance issues instead of patrolling the streets. We have paid millions in fees and our reputation suffered every day that went by without progress.

Thanks to the hard work of the department, the leadership of the Chief and our Deputy Mayor Saul Green, we will be in full compliance by the end of this year.

I also want to recognize these two gentlemen for their work in reaching out to our youth through a federal youth violence prevention initiative. Detroit was selected as one of six cities to participate in a Justice Department program to develop a comprehensive youth violence reduction strategy. 28% of our city is under the age of 18. We have done a lot of listening to our stakeholders, but more importantly we are listening to the young people we have to reach. In April, we will present our strategy in Washington and I look forward to putting it into action as soon as possible.

## Number Two

We are instituting new management procedures, that will move sworn officers from desk jobs back to police work. For example, approximately 75 officers are being redeployed based on crime data to make sure our resources are focused on the areas of highest need and greatest impact.

Last year, we responded to nearly 50,000 false security alarms, which takes two officers away from police work for an average of 25 minutes per incident. So far this year, we have reduced these runs by more than 23% and believe this is only the beginning of what we can do. We are adding the equivalent of an additional 120 officers with this initiative and transitioning civilians into administrative roles, allowing us to return uniformed personnel to the street.

## Number Three

Police officers will soon be moving back into Detroit neighborhoods; creating a 24-hour public safety

presence thanks to an incentive program announced this month called Project 14. Since the residency requirement for city employees was eliminated by the State of Michigan more than a decade ago, approximately half of our police force has moved out of the city and it is time to reverse that trend. We are encouraging our officers to “live where they work”.

Backed by the President’s Neighborhood Stabilization Program, Project 14 will provide federal funds for our public safety officers to acquire, renovate and make a down-payment on a high quality home. I heard from residents time and again during our fall Detroit Works Project listening sessions that we had to do something to get more police officers living in the neighborhoods. We heard you and this pilot program is our first response.

Detroit is at a crossroads. I have said it before and I will say it again --we cannot operate the way we did 50 years ago or even 10 years ago. Change is at our doorstep, whether we like it or not. We have two options. We can choose to continue fighting change. We can continue to focus on the vocal minority that would like to see us fail. Or we can embrace this opportunity to shape a new legacy to proudly hand down to our children and grandchildren. It is that simple.

My friend and chair of the Detroit Works Project, Bishop Charles Ellis said it best as it relates to the challenge before us. Quoting the prophetic book of Nehemiah about the rebuilding of a great city he said, “It was done because the people had a mind to work.” All the critics and obstacles in the world cannot stop us if we have the will to work together. That’s Detroit.

When we announced the Detroit Works Project, we knew we were taking on an unprecedented challenge. We knew it would force us to make tough decisions. And we knew it would test our faith and resolve. But if history tells us anything, it’s that Detroit is a city of great faith and resolve. It is time to channel that spirit to develop a blueprint for our future and reestablish Detroit as the world’s most innovative city.

A city that reversed the cycle of decline by stopping the population drain and beginning to attract new residents. A city that transformed its economy and made Detroit a major job center once again. A city built for the automobile that finally grew to embrace bicycles, greenways and better public transit. A city that attacked blight and turned vacant land into opportunity for economic development, jobs and public use. A city that brought residents together to create safe neighborhoods and deliver

outstanding city services. A city that works.

This is the future we can build, but not without dealing with today's reality. With the fiscal challenges we are facing, reinvesting in housing and infrastructure in every Detroit neighborhood is not a viable option. Creating areas of density is the best way for us to improve public safety, deliver better services and offer the quality of life amenities like recreation centers, parks and grocery stores that you want and deserve.

We are working on a plan--a plan guided by data and your input. Is it ready today? No, because we believe this plan is too important to take short cuts. Are we making progress? Absolutely! That is why we are going neighborhood by neighborhood to share our challenges and get your feedback as we prepare alternatives to help us make the tough choices that lie ahead. We will be sharing a draft analysis about neighborhoods with you in April. While neighborhoods are the core of our city, we must address the big picture and the entire city.

Your voice will be heard as we consider our options. We know we don't have all the answers but one thing should be clear to all of us by now. Continuing on the same path will bring the same results. You deserve more than that and if you are willing to work with us, I believe we can deliver on all the promise of this city.

We know there are skeptics out there, people who will tell you that we have a plan to "shrink" Detroit or "force" residents to move, using eminent domain or by refusing to service neighborhoods. I understand your suspicion. I know you have been let down before. But it is time to put away the old playbook. We know that approach will fail. This administration has made it crystal clear that we need change. We will not do things the same way and our community will always have a seat at the table.

I will not be drawn into the same old battles that have stopped progress for decades. The issue of ownership and management of our water department is the perfect example of those old debates. Some saw it as a political opportunity when the government handed down indictments. I saw it as a reminder of our responsibility, and an opportunity to change the way we do business.

In less than six months, we reached consensus among all the regional parties serviced by the system to establish a board with the technical expertise, staff support and decision-making authority that has been

sorely needed for years. This agreement paves the way for a new level of regional cooperation, but is not a move toward regional ownership. Those who seek to use this as another opportunity to spark old arguments, I have news for you. Your time is over!

Detroit built this system; Detroit owns this system; and Detroit will manage this system going forward. Detroit still has a majority of the votes and the composition of the board has not changed one bit. Final approval for setting water rates still rests with your Detroit City Council. We have a responsibility to provide the highest level of service to all of our customers and that is exactly what we are going to do.

To that end, I have instructed my staff to ensure that we address compliance issues that have put us in violation of the Clean Water Act and under jurisdiction of a federal judge. Within 6 months, we will be in compliance and have a plan for maintaining compliance in the long-term.

Additionally, I will require the DWSD to participate in a full forensic audit and contracting review. We will account for every dollar and go after every instance of abuse, corruption and mismanagement that we find. Finally, we will re-double our efforts to hire a permanent director to lead this department. Certainly the events of the past month have made this task more difficult, but I believe we will find a qualified director who understands the opportunity to run and help fix one of the nation's preeminent water and sewage systems.

I promised when I came into office that we would run city operations more like a business, focusing on serving our customers and utilizing resources to address our priorities. We inherited no shortage of problems, but using the same methodical data-driven approach we promised, we will continue addressing these problems one by one. Getting our own fiscal house in order is one of the most important indications that our approach is working. We are changing the culture and showing that transparency, accountability and fiscal responsibility are more than words to this administration. They are the principles by which we do business.

The Comprehensive Annual Financial Report, our state audit, had been submitted on time just once in the last 17 years when I took office in May of 2009. Worse yet, the past year's audit was already late and the current year's audit had not even been started. In fourteen months, we completed both of those outstanding audits and delivered our first budget year's CAFR on time to the State of Michigan. It had not been done since 1997. Every year since then we have had delays in our state revenue sharing and

the lack of urgency had really become a black eye for the city.

More importantly, we are fixing the system to make sure we remain financially solvent in the near-term and fiscally stable for the future. The \$330 million dollar deficit we inherited stands at approximately \$150 million as we sit here tonight. We are cleaning up our balance sheet, bringing tens of millions in savings that I look forward to discussing in detail with our City Council during the budget presentation.

By the middle of March, we will also submit to the state an ambitious but realistic plan to continue eliminating the deficit. Governor Snyder is challenging cities to make reforms in order to receive funding from the State of Michigan. While I respect that approach and am confident in the steps we are taking, the budget presented has potentially devastating consequences for Detroit. No city in the state has taken such an aggressive approach to such serious structural problems as Detroit. Yet, no city would be hit harder than us. It threatens the concrete but fragile gains we have made and we simply cannot afford it.

I am optimistic that we can achieve the cost savings we need by doing business smarter. We have set a goal to reduce our contracting costs by 10%. Whether it is through centralizing large commodity purchases like gasoline, increasing competition for our business, or finding efficiencies in how we use those contracting dollars, this administration will get it done.

We also committed to change the way we deal with our labor negotiations. A culture that was rusted in place over a period of decades is now showing signs of progress and cooperation. As it stands today, we have agreements in place with bargaining units representing approximately 75% of all city employees. We are engaged in discussions with our public safety unions and working with them to bring landmark changes that would put us more in line with the private sector. The bottom line is that our current pension obligations are unsustainable and it is in no one's best interest to allow that to continue.

I know change is difficult. I know change takes time. But we are getting there and we won't stop with this negotiation. For as long as anyone can remember, the city has waited to negotiate its labor contracts until existing contracts have expired. When I was elected, we were operating on contracts that expired in 2008. That is not the way to run a good business. We will begin negotiating new agreements beginning this Labor Day with the goal of having new contracts in place before the old

ones expire.

Another department that is undergoing a transformation is our Fire Department and EMS service. I know that this department has not provided the level of services our citizens expect and deserve. I also know we can do better.

We have already started to adjust the way we respond to 911 emergency calls. Beginning in January, we instituted a new tiered response system to ensure that EMS prioritizes life-threatening calls and channels non-emergency calls to other service providers. This is something cities across the country have done effectively to make certain that life-threatening emergencies receive the top priority and the fastest response possible. And, because more than 60% of the calls received by 911 are non-emergency calls, we must also continue educating our residents about the appropriate use of 911.

We are also making changes to improve revenue collections for the transport of emergency patients. Historically, we have done a poor job, collecting just over half the state average. It is important to note that this improvement will not result in costs being passed on to end users. This is about collecting money we are owed from insurance agencies, with the potential to bring \$6 million additional dollars to the department in 2011. Given the resource challenges we are facing, this is a top priority.

I also recognize that DFD and EMS are in desperate need of an infusion of young talent to fill out our ranks. That is one of the reasons I am so proud to say that the public safety academy we promised last year will begin school next year in partnership with Wayne County Community College. Along with a public health academy, these two institutions will prepare Detroiters to fill positions we need and put young people on a path to success

I believe in results. We cannot afford to wait any longer and send another generation of young people out into the world unprepared to compete for jobs. When we make a case to the business community to reinvest in Detroit, education must be one of our top priorities. It is the key to developing our workforce.

As a former businessman, it is no secret that Detroit must become a more business-friendly city. That is a challenge we are facing across the state and something I continue to discuss with Governor Snyder and President Obama who have both pledged their support for our city.



Unemployment in Detroit is at its lowest level in two years. I bet most of you are surprised to hear that. It is evidence that we are headed in the right direction, but it is also a reminder of how far we need to go when nearly 1 in 5 Detroiters are still out of work and looking for a job.

There are reasons for optimism. General Motors, Quicken Loans and Blue Cross Blue Shield are large companies reinvesting in Detroit, bringing operations downtown and nearly 6,000 taxpaying workers with them. That would not have happened without a fundamental change in the way we are perceived by the business community. The Shoppes at Gateway, which has the potential to bring major retailers to 8 mile and Woodward is moving forward and we are optimistic about that progress. Our healthcare institutions are investing approximately two billion dollars in their Detroit facilities that will bring direct construction jobs and attract additional economic and neighborhood growth. And smaller companies like GalaxE and SET Enterprises are also doing their part to create jobs.

Detroit is still a small business city and job growth will come from small business. There are still too many hoops to jump through and not enough support from the city for our hometown entrepreneurs. One of the pieces of feedback I have received many times from the business community is to put permits online and make it easier for people obtain them. We will get it done in 2011. We are also supporting job growth through my pledge to demolish 10,000 dangerous buildings. So far, we have approximately 2,400 down, and you have my word, that we will do whatever it takes to get there.

I believe we have turned a corner. Businesses, philanthropic organizations and our state and federal government believe in Detroit again, and are aligned like never before. The most obvious example of that renewed commitment is the half billion dollars being invested to bring light rail down Woodward Avenue. About a month ago, we completed our Draft Environmental Impact Statement and expect to have a final analysis ready for public comment by June.

Working with MDOT, the Federal Transit Administration and our local business community, we expect to begin construction in 2012. This project is more than an investment in transportation. It is an economic development tool that will support job growth for large and small businesses along the spine of our city, the Woodward Corridor. According to the American Public Transportation Association, every \$10 million in capital investment in public transportation yields \$30 million in increased business sales” and saves \$15 million in transportation costs.

The surrounding neighborhoods are also beginning to see real dollars flowing into their community as a result of this project. Living Cities invested almost \$22 million for neighborhood improvements. DMC, Henry Ford and Wayne State are investing \$1.2 million in a project called Live Midtown to entice their employees to purchase or rent a home in the community and “live where they work.” We are also in discussions with Secretary Donovan and HUD to identify other creative ways to finance home rehabilitation in this neighborhood and make it yet another symbol of Detroit’s comeback.

I want to thank the Obama Administration, along with MDOT, DEGC and our corporate leaders for all their help and continued cooperation. We owe a debt of gratitude to these leaders for their unwavering support of this project.

Optimism about Detroit's future is greater than ever. We see it in the commitment of Lear Corporation and GM for investing in our recreation centers and parks; Coke and NBA Cares are supporting Milliken State Park and my NBA friends are pitching in to help Butzel Family Center. The Clark Park Coalition is another of many organizations who are working tirelessly to support our youth and provide positive outlets at a time when we need them more than ever.

These investments, the energy and support show tremendous faith in our new direction and a commitment to being part of the solution. Others see that we are changing, but what do you see? It is time for us to look in the mirror and recognize that Detroit is on the right track. More importantly, it is time for all of us to think about what we can do to help our city. Good government creates an environment to help regular people do extraordinary things. It inspires people to work together and take responsibility for their community.

That is the Detroit we want to be, and are working to become. But we cannot do it without your help. It is time to ask...what will your contribution be?

Thank you.